

Honorable John O. Marsh, Jr.
Counselor to the President
The White House
Washington, D. C.

Dear Jack:

Since the enactment of the Congressional Budget and Impoundment Control Act of 1974 last July, the Budget Committees established in the Senate and House of Representatives have been developing staff relationships with Executive agencies.

Recent informal contacts with staff members indicate these Committees intend to review the Agency's budget. Senator Proxmire and the General Accounting Office are considering similar steps in the budget/audit area (see attached excerpt from the Congressional Record).

The jurisdictional relationship between the Budget Committees and our CIA Subcommittees of Appropriations is rather murky. Consequently, I can foresee some problems developing concerning the extent of cooperation to be provided to these Budget Committees. As a former member of the Appropriations Committee in the House, you are especially aware of the potential difficulty.


The Director is concerned that the disclosure of total intelligence figures on a recurring basis would result in the eventual unravelling of a considerable amount of sensitive information. Last April before the Intelligence Operations

NSA review completed

Subcommittee of the Senate Appropriations Committee, he stated his opposition to the disclosure of the budgets of individual agencies or of the total figure for the entire intelligence community. Later, on the 4th of June, the Director's position was sustained on the Senate floor in a vote which defeated an amendment proposed by Senator Proxmire to the Defense Procurement Authorization bill. A copy of an Agency "Employee Bulletin" on this subject with excerpts from the debate is also enclosed.

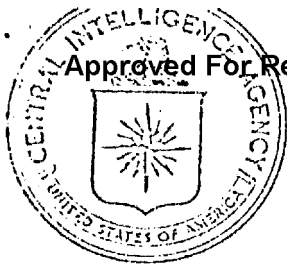
I believe the Agency-Congressional Budget Committees/ CIA Subcommittees relationship and the open budget issue present problems that merit study and resolution by the Office of Management and Budget and the intelligence community as well as the White House. I am, of course, available to discuss this subject further with you at your convenience.

Sincerely,

A rectangular box with a black border, used to redact the signature of George L. Cary.

George L. Cary
Legislative Counsel

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EMPLOYEE

BULLETIN

No. 409

CONGRESSIONAL COMMENTS RELATING TO THE CIA BUDGET

1. The purpose of this bulletin is to keep employees informed on recent events in the Congress of the United States which affect the Agency.

2. On 4 June 1974 the Senate by a vote of 55 to 33 defeated an amendment to the Defense Procurement Authorization bill (S. 3000) which would have required the Director of Central Intelligence to submit an annual unclassified report to the Congress disclosing the total amount of funds requested in the budget for the National Intelligence Program.

3. A number of Senators, including the Chairman of the Agency's Oversight Committees in the Senate, strongly opposed the amendment on the basis that such disclosures would provide valuable assistance to our adversaries by virtue of the trends disclosed over the years and that the publication of the total figure would only stimulate further inquiry for greater detail on foreign intelligence activities, for explanations of changes or trends, and for the component elements of the total figure.

4. They also pointed out that the four committees charged with oversight of the Agency in the Congress are fully aware of the details of the foreign intelligence budget and inquire into these matters deeply. The point was also made that if any member of the Senate wished to know what the total figure was it would be furnished to him on a classified basis.

5. The discussion on the amendment is covered on pages S. 9601-9613 in the Congressional Record of 4 June 1974. Excerpts follow:

True, we are an open society and, so far, we have been able to carry on an intelligence program which has been worth to us billions and billions and billions of dollars in savings. But, if we are going to abandon the idea of keeping these figures from being disclosed, then, in my humble opinion, we might as well abolish the agency. It would be like saying, in effect, that we do not want this secret intelligence after all, that we do not need it, and that we will abandon it.

We will pay an awful price for that.

I am familiar with the CIA budget. I can satisfy most any Senator in the cloakroom, talking to him some about this, but I will publicly say that it is a clean budget and they have justified many times over the expenditure of the money. "

Senator Pastore: " . . . We have to know what they are doing. So we can know what we have to do in order to guarantee the security of our own country.

So we cannot come out here and tell the whole world, "We spent \$1 billion or \$2 billion for the Central Intelligence Agency." What does that mean to anyone else, except that perhaps some people think they are spending too much. And the minute the question is asked where they are spending it we are in serious trouble.

So what happens to your children and my children, Mr. President? What happens to you when you go home tonight? What happens tomorrow? What happens to the security of our country? Can we afford to tell them? Oh yes, I would like to tell the public everything it is possible to tell them. I believe in that. I have been in public life continually for 49 years. I believe in the right of the public to know. But I certainly would not come to the floor of the Senate and tell you, Mr. President, how to put together an atom bomb. I would not tell you that. I would not tell you how far our nuclear subs are able to travel; I would not tell you how we can detect an enemy sub; and I would not tell you how they might detect ours. I would not tell you that. Why would I not tell you that? I would not tell you that because the minute I told you that I would jeopardize the future of your children.

I have sat down with the Senator from Wisconsin (Mr. Proxmire), the Senator from California (Mr. Cannon), to find a solution, and I have sat down with Mr. Colby, who is a great American. He said, "Please do not do this. If you want to make my job easier, please do not do this." I cannot sit there after that admonition and exhortation and turn around and say, "Mr. Colby, I do not believe what you have to say." If I believed that for 1 minute, I would say, "You ought to give up your job." "

Senator Humphrey:

Mr. President, I
rise to commend the Senator from Rhode
Island on his comments. The Senator pointed out
very properly that the Central Intelligence
Agency has in the past engaged in
activities that have been looked upon by
certain Members of the Congress as un-
desirable; but I want to make it clear
that every one of those activities had
been ordered by a President. The Cen-
tral Intelligence Agency does not just
engage in activities for the love of work.
I know that the Central Intelligence
Agency, during the Kennedy years and
the Johnson years, was engaged in ac-
tivities in Laos—

Mr. President, the Central Intelligence
Agency is possibly the most important
agency in this Government. By and large,
it is made up of people who are com-
petent, able, and who have served this
country well and faithfully. To be sure,
there are times when it has engaged in
activities, as we have said, that are
looked upon with suspicion; but I think
it would be folly for us to publicize all of
its activities, to publicize the amounts it
receives, particularly when there are
ways and means within this body and
within the other body of Congress to
supervise it and to keep a check rein
upon it.

I had the privilege of
serving on the National Security Council,
and I want to tell my colleagues that the
Central Intelligence Agency was the most
accurate and effective instrument of
Government for that council. Its reports
were most accurate, and had we followed
the advice of the Central Intelligence
Agency in many areas, we would have
been better off, but at least it was there.

But just as surely as we are in this
body today debating whether or not we
ought to have a release of the figure,
next year it will be whether it is too big
or too little, and then it will be what is
in it. Then when we start to say what is
in it, we are going to have to expose ex-
actly what we have been doing in order
to gain information; for example, years
ago as to where the Soviet Union was
building its nuclear subs and the kind
of nuclear subs they were. I saw that ma-
terial in 1965—how far they were along,
what their scientific progress was. I do
not think it would serve the public in-
terest for all of that information to have
been laid out. It would have destroyed
our intelligence gathering completely.

Senator McClellan: ". . .

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But I have been thinking that if we are to have a security intelligence agency, we cannot have it with national publicity on what it does, how it does it, and how much it spends here, or how much it spends there. . . . "

Senator Stennis: ". . .

On my responsibility to my colleagues, they in CIA keep a clean house. They have had a conservative operation dollar-wise and have accounted for the money in a splendid way. That has been true without exception. There has been no great spillage of money or great extravagances, and not one bit of scandal or odor of any kind. . . . "

Senator Thurmond: ". . .

I believe that our Nation is unique in the attention its legislature has given to specifying and circumscribing the activities of the agency designated to perform its foreign intelligence mission. . . . "

Senator Proxmire: ". . .

Mr. President, the purpose of the amendment which I am offering now is to provide that the overall figure for the intelligence community as a whole, not broken down but the overall figure, would be made available, so that the taxpayers of this country would have some idea of how much, how many billions of dollars—and it is billions of dollars—are going for intelligence efforts by our Government. . . .

Now just what would this tell our adversaries? They would not know if it all went to the CIA, or DIA. Whether the NSA spent most of the money, or the Air Force.

How about yearly fluctuations? Say for example, that the budget went up 10 percent in 1 year. What what they conclude? That manpower was more expensive? That the CIA was spending more for Laos? That the DIA had bought a new computer division? That NSA was hiring more people? They would know nothing. . . . "

The threat will come from losing control on the inside. If maintaining that control requires an ounce of risk, then I think we should be prepared to take that ounce of risk in at least letting us see publicly and the people see publicly whether we are spending \$3 billion, \$7 billion, or \$90 billion, and how we are concealing it and hiding it, and if we are protecting ourselves from the inside as well as from the outside.

I think that ounce of risk, if it exists, is worth taking, and I thank the distinguished Senator from Wisconsin for yielding. . . . "

Senator Jackson: " . . .

In summary, our foreign intelligence service arises out of an act of Congress and all of its activities are closely scrutinized by a number of representative members of both the Senate and the House of Representatives. This is how we have resolved the balance between the needs of an open society and the needs for a secret foreign intelligence service. I certainly do not think that this is the time to unbalance the situation as I am confident enactment of the proposed amendment would do.

Senator Young: " . . .

I know there is great interest in the public knowing everything possible, but I think there are some things that should be kept secret for our own security. "

Appropriations
(2)

DCI/DDCI

Routing Slip

Executive Registry
1/5-1/7/6/1

TO:

		ACTION	INFO.			ACTION	INFO.
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2	DDCI			12	IG		
3	S/MC			13	Compt		
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5	DDI			15	AO/DCI		
6	DDM			16	Ex/Sec		
7	DDO			17			
8	D/DCI/IC			18			
9	D/DCI/NIO			19			
10	GC			20			

SUSPENSE

Date

Remarks:

Mr. Clarke -
Didn't ~~AA7B~~ CIA
assume this
chore ?

J

DCI/DDCI

4/9/75

Mr. Colby:

OLC just advised that Mr. Caryl decided to hold up on sending this letter out until after you had a chance to look at it.

— JLF
4/9/75

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM					
UNCLASSIFIED		CONFIDENTIAL		SECRET	
OFFICIAL ROUTING SLIP				Executive Register	
TO	NAME AND ADDRESS	DATE	INITIALS		
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ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
Remarks: <p>Attached is a letter alerting Jack Marsh to the GAO and Budget Committee issue that are sure to give all of us some concern. It is my thought in sending him this note that he will put this on a LIG meeting agenda in the near future.</p> <div style="border: 1px solid black; width: 250px; height: 40px; margin: 10px auto;"></div> <p style="text-align: center;">George L. Cary Legislative Counsel</p>					
FOLD HERE TO RETURN TO SENDER					
FROM: NAME, ADDRESS AND PHONE NO.					DATE
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FORM NO.
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TOP SECRET

16 December 1975

MEMORANDUM FOR: D/DCI/NIO
D/DCI/IC
Inspector General
General Counsel

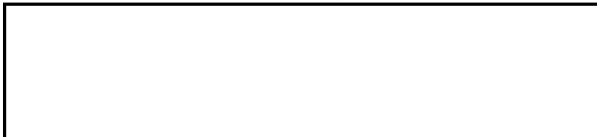
SUBJECT : Budgetary Material for Inclusion in the
DCI's "Back-up Book" Supporting the
Agency's Budget Presentation

1. We have been asked by the Comptroller to prepare updated material for inclusion in the DCI's "Back-up Book" for the FY 1977 Budget. The attachment shows the item(s) which seem to fall under your office for preparation in accordance with the Comptroller's instructions.

2. In addition, the Inspector General is requested to provide data concerning his Inspection Plan for FY 1977 and any other information to support the increase in resources programmed for that activity.

3. The General Counsel is requested to furnish information relating the workload of his office to the expansion of resources allocated to his office. Specific caseload statistical data categorized by type and status of work involved is wanted.

4. It is requested that the material be furnished to me by 20 January 1976 for forwarding to the Comptroller.


Administrative Officer, DCI

Attachment

Regraded Unclassified
when separated from
Top Secret attachment(s).

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18 December 1975

NOTE FOR: AO/DCI

THROUGH: D/DCI/IC

SUBJECT: Agency Budget Presentation

I have reviewed your memo of 16 December 1975 and would like to point out a rather glaring discrepancy in the attachment.

We have tried very hard, and with some success, to impress the Congress with the notion that there is a real difference between the Agency budget and the Community budget. As you may know, my MPRRD Staff prepares the DCI's testimony (and back-up material) for his appearances on the Community budget. Consequently, such material would be inappropriate for inclusion with material supporting the DCI's Agency budget presentation.



Attachment: a/s

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8 JUL 1975

The Honorable John C. Stennis, Chairman
Armed Services Committee
United States Senate
Washington, D. C. 21510

Dear Mr. Chairman:

During my recent appearance before your Committee on the intelligence community's FY 1976 budget request, you asked that I provide my views on public disclosure of certain parts of the intelligence budget.

I am strongly opposed to the public disclosure of the Central Intelligence Agency's budget or of a total budget figure for the intelligence community. While I recognize that, in the final analysis, this is a matter for determination by the Congress, I believe disclosure would do a disservice to our foreign intelligence efforts and therefore would not be in the national interest.

I am convinced that once an intelligence budget figure is made public, it will be impossible to prevent the disclosure of many sensitive and critically important intelligence programs and activities. Whether the published figure represents the Agency or intelligence community budget, whether it reveals intelligence budgets in whole or in part, I believe the ultimate effect would be the same.

Disclosure of intelligence budgets could provide potential adversaries with significant insight into the nature and scope of our national foreign intelligence effort, particularly where analysis of year-to-year fluctuations in the budget are possible. Publication of part of the intelligence budget would raise debate over what matters were included and what matters were not included in the published totals, leading to rapid erosion of the secrecy of the portions withheld.

The same problems would result from the publication of the total Agency budget, a total Community budget, or any other figure covering "intelligence". An immediate requirement would be levied to explain precisely which of our intelligence activities were covered by the figure and which were not. Definitional questions over where "intelligence" expenditures stop and operational expenditures begin would necessarily lead to public discussion of sensitive intelligence programs and techniques.

Publication of intelligence budget figures would result in debate on changes or trends developed in succeeding year figures, and fluctuations in the figure would generate demands for explanations which in turn would reveal the component parts of the figure and the programs supported by it. The history of disclosure of Atomic Energy Commission budget materials and related information by both the Executive Branch and the Congress indicates that publication of any figure with respect to intelligence would quickly stimulate pressures for further disclosure and probes by various sectors into the nature of the figure and its component elements.

Attacks have been made on the constitutionality of the present financial processes for protecting our national foreign intelligence effort. I believe the present procedures are fully in accord with the Constitution. Moneys for all intelligence community activities are an integral part of appropriations made by law and are reflected in the Treasury's Statement and Account of Receipts and Expenditures in compliance with Article I, Section 9, clause 7 of the Constitution. Moreover, there is considerable historical precedent for budgetary secrecy, going back to debates in Constitutional Conventions and the use of a secret fund during the administrations of Washington and Madison, and a secret appropriations act in 1811. Congress most recently endorsed secrecy of intelligence budgets in June 1974 when the Senate rejected an amendment to the Department of Defense Appropriations Act of 1975 which would have required that the total budget figure for intelligence purposes be made public.

Sincerely,

/s/ W. E. Colby
W. E. Colby

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STATEMENT BY THE DIRECTOR OF CENTRAL INTELLIGENCE TO THE
SUBCOMMITTEE ON DEFENSE OF THE HOUSE APPROPRIATIONS COMMITTEE

FRIDAY, 21 FEBRUARY 1975

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